

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 EUR-12 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 EPG-02 DODE-00 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06

OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 FEA-01

PA-01 PRS-01 /116 W

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R 251600Z JUL 77

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 5630

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E.O. 11652: N/A

TAGS: EINV ENRG LI

SUBJECT: LIBERIA REFINING COMPANY

REFS: A) STATE 165764; B) MONROVIA 5014

1. SUMMARY: GOL AND SUN/DYNALECTRON APPEAR TO BE WILLING TO START NEGOTIATIONS FOR SALE OF EQUITY AND/OR PHYSICAL ASSETS OF OIL REFINERY WITHOUT INSISTENCE THAT ANY PRE-CONDITIONS BE MET. NEGOTIATIONS COULD START AS EARLY AS FIRST WEEK OF AUGUST. GOL HOPES FOR EARLY AGREEMENT AS IT REALIZES RUST AND CORROSION ARE DAMAGING IDLE REFINERY. COSTAL STATES GAS CORPORATION OF TEXAS THROUGH ITS UNITED KINGDOM SUBSIDIARY IS PROVIDING MANAGEMENT AND TECHNICAL PERSONNEL FOR LRC TO REPLACE DEPARTING EXPATRIATES. END SUMMARY.

2. IN A MEETING JULY 22 AT THE MINISTRY OF FINANCE, ACTING FINANCE MINISTER PADMORE INFORMED AMBASSADOR THAT EXCHANGE OF CABLES INDICATE THAT BOTH PARTIES APPEAR TO BE WILLING TO BEGIN SERIOUS NEGOTIATIONS. PADMORE
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SAID HE HAD MET INFORMALLY WITH SUN/DYNALEITRON REPRESENTATIVES FOR EXPLORATORY TALKS WHEN HE WAS IN U.S. IN JUNE DYNALECTRON, HE MENTIONED, APPEARED TO BE MORE FLEXIBLE AND INDICATED TO HIM A WILLINGNESS TO BEGIN TALKS. UPON RETURNING TO MONROVIA, PADMORE SENT FOLLOWING CABLE TO DYNALECTRON ON JULY18: QUOTE: PURSUANT TO OUR LETTER OF JUNE 22, 1977 INDICATING GOVERNMENT OF LIBERIA'S

WILLINGNESS TO DISCUSS MUTUALLY ACCEPTABLE TERMS WITH RESPECT TO THE PURCHASING OF THE PHYSICAL PLANT OF LRC PLS BE ADVISED THAT OUR CONSULTANTS HAVE BEEN INSTRUCTED TO BE IN READINESS FOR SUCH TIME AS YOU MAY FIND CONVENIENT TO START NEGOTIATIONS STOP WE WOULD APPRECIATE HOWEVER THAT SUCH TIME BE AS EARLY AS POSSIBLE. REGARDS. UNQUOTE.

3. ON JULY 22 PADMORE RECEIVED CABLE FROM FRED P. GLAZIER, VICE PRESIDENT OF SUN TRADING AND MARINE TRANSPORT AND CHRLES G. BULLEDGE, PRESIDENT OF DYNALECTRON CORPORATION AS FOLLOWS: QUOTE: REGARDING YOUR MESSAGE OF JULY 18, 1977, WE ARE AVAILABLE AT ANY TIME TO MEET WITH GOVERNMENT REPRESENTATIVES IN WESTERN EUROPE OR THE UNITED STATES EAST COAST FOR THE PURPOSE OF DISCUSSING LIBERIA REFINING COMPANY. PLEASE ADVISE YOUR IHTIEOF DATE AND PLACE OF MEETING ALLOWING SUFFICIENT TIME FOR SCHEDULING ON OUR PART. UNQUOTE.

4. AT RECOMMENDATION OF COSTAL STATES (SEE PARAGRAPH 6 BELOW) GOL IS NEGOTIATING WITH PETROLEUM CONSULTANT SLIMANE BANGUERRA OF PARIS. PADMORE EXPRESSED HOPE THAT BANGUERRA AFTER SPENDING A FEW DAYS IN MONROVIA THIS WEEK WOULD BE PREPARED TO CONTACT SUN/DYNALECTRON TO START NEGOTIATIONS FIRST WEEK OF AUGUST INVOLVING ONLY "TECHNICAL PEOPLE" AND NO MINISTERS. IF REAL PROGRESS COULD BE MADE, PADMORE EXPECTS SUN/DYNALECTRON TO WITHDRAW LIMITED OFFICIAL USE

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CHARGES OF EXPROPRIATION. PADMORE ADMITTED THAT GOL WAS ANXIOUS FOR EARLY SETTLEMENT SINCE IDLE REFINERY IS BEING DAMAGED BY RUST AND CORROSION.

5. AMBASSADOR ASKED PADMORE ABOUT RECENT PRESS ARTICLE (REFTEL B) IN WHICH COMMERCE MINISTER DENNIS IS REPORTED TO HAVE SAID THAT "PLANT IS WORTH \$5 MILLION". PADMORE REPLIED THAT HE HAD NOT SEEN ARTICLE BUT EXPRESSED REGRET THAT SUCH A FIGURE HAD APPEARED IN PRINT. HE CONFESSED THAT AS RESULT PUBLICITY GOL COULD BE FORCED TO OPEN NEGOTIATIONS WITH HIGHER OFFER THAN THE \$1.5 MILLION PREVIOUSLY OFFERED.

6. PADMORE ADDED THAT IN JUNE COSTAL STATES GAS CORPORATION HAD CONTACTED FINANCE MINISTER PHILLIPS PRESUMABLY WHEN HE WAS IN NEW YORK CITY ATTENDING LAMCO'S BOARD MEETING. AT INVITATION OF CHAIRMAN WYATT OF COASTAL STATES, PHILLIPS HAD VISITED LATTER'S HEADQUARTERS AND INSTALLATIONS IN TEXAS. ACCORDING TO PADMORE WYATT INDICATED TO PHILLIPS THAT COSTAL STATES THROULH ITS SUZSIDIARY COSTAL STATES UNITED KINGDOM WOULD BE INTERESTED IN PROVIDING THE REFINERY ADMINISTRATIVE ASSISTANCE, EQUITY PARTICIPATION

AND MANAGEMENT OF THE REFINERY. PADMORE STRESSED THAT UNDER THE PRESENT CONTRACT COASTAL STATES UK IS PROVIDING TECHNICAL AND MANAGERIAL PERSONNEL TO REPLACE DEPARTING EXPATRIATE PERSONNEL TO PROTECT GOL INTEREST IN ASSURING THE COUNTRY OF ADEQUATE POL PRODUCTS.

7. PADMORE REPORTED THAT GOL WAS THINKING OF ESTABLISHING SEPARATE CORPORATION TO EMPLOY AND PAY LRC STAFF. LETTER AGREEMENT FOR LRC TO PAY ITS EMPLOYEES FROM THE FOUR CENTS PER GALLON FEE FOR STORING AND HANDLING POL PRODUCTS HAS BEEN OBTAINED.

CARTER

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